

Message Text

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FAS FOR OILSEEDS & PRODUCTS/MACKIE FROM AGATTACHE

BELGRADE AND BUCHAREST FOR SALEH

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SUBJ: FAS OILSEED EXPERT'S VISIT TO HUNGARY

1. ABDULLAH SALEH, FAS OILSEED EXPERT, COMPLETED HIS THREE DAYS' FACT FINDING TRIP TO HUNGARY JULY 27. SALEH MET WITH OFFICIALS FROM MIN. AG., FOREIGN TRADE ORGANIZATIONS AND VEGETABLE OIL ORGANIZATIONS. IN ADDITION, A MAJOR STATE FARM, RESPONSIBLE FOR PRODUCTION AND DISSEMINATION OF A LARGE VOLUME OF SUNFLOWERSEED, WAS ALSO VISITED. AGATTACHE ACCOMPANIED SALEH ON ALL CALLS, WHILE AMEMBASSY BUDAPEST ECON/OFF JOINED DURING THE FARM VISIT.

2. FOLLOWING ARE MAJOR POINTS LEARNED DURING SALEH'S VISIT:

(A) HUNGARIAN OILSEED INDUSTRY NOW IN A NEW DEVELOPMENT STAGE. AMONG THE FOUR OILSEEDS PRODUCED, SUNFLOWERSEED IS BY FAR THE MOST IMPORTANT. CURRENTLY, 153,000
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HECTARES ARE SOWN TO SUNFLOWERSEED; 60,000 HECTARES TO RAPESEED; 30,000 HECTARES TO SOYBEANS; AND 10,000 HECTARES TO FLAXSEED.

(B) NEARLY THREE QUARTERS OF ALL SUNFLOWERSEEDS ARE SUBJECT TO MODERN INDUSTRIAL PRODUCTION METHOD IN WHICH THE VISITED BACSALMAS FARM TAKES A LEADING ROLE. IT SUPPLIES MAJOR HYBRIDS ANDSEED VARIETIES AND PROVIDES

GUIDANCE ON PRODUCTION KNOW-HOW TO MANY LARGER FARMS.

(C) UNTIL NOW, HUNGARY, RELIED HEAVILY ON IMPORTED HIGH OIL-YIELDING SUNFLOWERSEED VARIETIES FROM THE SOVIET UNION, YIELDING UP TO 50 PERCENT OIL. NOW, THE TREND IS TO USE MORE OF THE YUGOSLAV, RUMANIAN AND FRENCH HYBRIDS WHICH ARE MORE SUITABLE TO THE HUNGARIAN CLIMATE AND SOIL.

(D) THE AVERAGE YIELD PER HECTARE HAS GROWN STEADILY IN RECENT YEARS AND IN 1977 IT REACHED 1.5 TONS. EXPERTS BELIEVE HUNGARY DURING THE NEXT FEW YEARS CAN INCREASE PER HECTARE YIELD BETWEEN 25 TO 30 PERCENT THROUGH APPLICATION OF NEW HYBRIDS. FOR THIS REASON, THERE ARE NO PLANS FOR MAJOR INCREASES IN ACREAGE.

(E) CURRENTLY, HUNGARY HAS FIVE VEGETABLE SEED OIL EXTRACTION PLANTS -- TWO LARGER ONES (ONE IN BUDAPEST AND THE OTHER IN GYOR) AND THREE SMALLER; ALL ARE OLD. THE COMBINED CAPACITY OF THESE PLANTS COMES TO 1,000 TONS PER DAY. TODAY, THIS CAPACITY IS NOT ENOUGH TO PROCESS ALL VEGETABLE OILSEEDS PRODUCED IN THE COUNTRY. THIS REQUIRES THE EXPORTATION OF SMALLER QUANTITIES OF OILSEEDS.

(F) BY THE END OF 1980, A NEW MODERN OILSEED PROCESSING PLANT SHOULD BE IN OPERATION, WITH 1,000 TONS' DAILY CAPACITY. TWO OR THREE OF THE MORE OBSOLETE, SMALLER PLANTS WILL BE EVENTUALLY CLOSED DOWN, LEAVING THE COUNTRY ABOUT 1,200 TO 1,400 TONS' DAILY CAPACITY TO EXTRACT THE EXPECTED LARGER VOLUME OF OILSEED PRODUCED IN THE 1980'S.

(G) HUNGARY IS A RELATIVELY SMALL SUNFLOWERSEED PRODUCER
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WHEN COMPARED WITH ITS NEIGHBORS. HOWEVER, IN EXPORTS, HUNGARY STANDS AMONG THE FIRST. NEARLY ONE-HALF OF ALL SUNFLOWERSEED OIL PRODUCED IS EXPORTED -- MAINLY TO WESTERN EUROPE. THESE EXPORTS REPRESENT ABOUT 80 PERCENT OF ALL VEGETABLE OILS EXPORTED.

3. COMMENT: ALTHOUGH STILL EARLY TO ESTIMATE PRODUCTION, BASED ON DISCUSSIONS WITH OFFICIALS AND OBSERVATIONS OF FIELDS, IT SEEMS HUNGARY SHOULD BE ABLE TO HARVEST SOME 230,000 TONS OF SUNFLOWERSEED IN 1978, UP FROM 212,000 TONS A YEAR BEFORE. EXPORTS OF SUNFLOWERSEED OIL DURING 1978 SHOULD BE AT LEAST 50,000 TONS, UP FROM 38,000 TONS IN 1977. THESE ESTIMATES ARE BASED ON CURRENT INDICATIONS WHICH SHOW THAT JANUARY-MAY EXPORTS OF SUNFLOWERSEED OIL IN 1978 ARE RUNNING AHEAD SOME 52 PERCENT OVER THE CORRESPONDING PERIOD OF LAST YEAR. WOLF

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